

Message Text

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ACTION EUR-12

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AMEMBASSY SOFIA
AMEMBASSY WARSAW
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E.O. 11652: N/A
TAGS: EFIN EEWT COMECON UR
SUBJECT: DOUBTS ABOUT FUTURE LENDING TO IBEC EXPRESSED BY ONE U.S.
BANKER

REF:MOSCOW 10123

1.IN CONVERSATION WITH COMATT JULY 13 SEPARTE TO THAT
REPORTED REFTTEL WITH E/C COUNSELOR, MICHAEL MEISSNER, VP
OF FIRST NATIONAL BANK OF CHICAGO (FRANKFURT OFFICE),
OPINED THAT MOST LARGE US BANKS IN FUTURE WOULD NOT
CONSIDER LENDING TO IBEC BECAUSE OF ONE-COUNTRY LENDING
LIMIT PROBLEMS. IBEC WAS A DIFFERENT KETTLE OF FISH FROM
IIB BECUASE OF FACT THAT ALL LOANS TO LATTER BANK HAVE
BEEN CEMA PROJECTED-RELAED, WHICH KEEPS ONE-COUNTRY
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LIMITE BOGEY AT BAY FOR US BANKS IN MEISSENER'S VIEW.
WERE COMPTROLLER OF CURRENCY SUDDENLY TO RULE, SAID
MESSNER, THAT ALL US BANK LOANS TO IIB FOR, SAY
ORENBURG PIPELINE PROJECT HAD TO BROKEN OUT AND ALLOCATED
BY SOME FORMULA TO EACH CEMA COUNTRY WHICH BENEFITS
FROM PROJECT, THEN SEVERAL BANKS IN US WOULD IMMEDIATELY
BE PUSHED OVER TOP OF THEIR ONE-COUNTRY LIMITS UNDER

US BANKING LAW. AND THAT, IN HIS VIEW, WAS PRECISELY WHAT LARGE US (PRINCIPALLY NEW YORK) BANKERS ARE FORE-SEEING MIGHT HAPPEN WITH RESPECT TO FURTHER LOANS TO IBEC, WHOSE USE OF LOAN PROCEEDS IS NOT RESTRICTED TO CEMA-WIDE PROJECTS. (INCIDENTALLY, MEISSNER WAS ALSO OF VIEW THAT CEMA MEMBERS HAVE DECIDED TO MEET ALL FUTURE FINANCING NEEDS FOR ORENBURG THROUGH IIB BORROWING IN WEST, RATHER THAN THROUGH HARD CURRENCY BORROWING FOR PROJECT BY INDIVIDUAL MEMBER COUNTRY BANKS.)

2. COMMENT: MEISSNER'S IS FIRST REPORT WE HAVE HAD FROM ANY US BANKER TO EFFECT THAT PLANS FOR FUTURE LENDING TO IBEC MAY BE CURTAILED FOR REASON CITED. IT WAS OUR UNDERSTANDING THAT SOME US BANKS, FOR OWN INTERNAL REASONS, PREFER TO APPORTION LOANS TO BOTH CEMA BANKS AMONG MEMBER COUNTRIES, WHEREAS OTHER US BANKS TREAT CEMA BANKS AS SEPARATE INTERNATIONAL INSTITUTIONS TO WHICH COUNTRY LIMITS DO NOT APPLY. MEISSNER'S ARGUMENT TO THE CONTRARY, WE UNDERSTAND THAT IIB LOANS ARE ALSO MADE DIRECTLY TO A MEMBER-COUNTRY, EVEN THOUGH IT MAY BE CONNECTED TO A MULTINATIONAL PROJECT. IIB LOANS ARE NOT NECESSARILY RESTRICTED TO CEMA-WIDE PROJECTS, EVEN IF IT APPEARS THAT MOST HARD-CURRENCY LOANS IN RECENT YEARS HAVE BEEN RELATED TO ORENBURG PROJECT.

3. WE WONDER IF WASHINGTON AGENCIES HAVE ANY COMMENT ON LIMITED OFFICIAL USE

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HIS REFERENCE TO COMPTROLLER OF THE CURRENCY AND POSSIBLE PROPRATING OF LOANS TO THE TWO CEMA INTERNATIONAL BANKS. TOON

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Disposition Case Number: n/a
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